**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

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| Order Instituting Rulemaking Regarding<br><br>Building Decarbonization. | Rulemaking 19-01-011<br>(Filed January 31, 2019) |

# REPLY COMMENTS ON ORDER INSTITUTING RULEMAKING REGARDING BUILDING DECARBONIZATION

## BY THE COALITION FOR RENEWABLE NATURAL GAS

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Dated: MARCH 26, 2019

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## I. Introduction

The Coalition for Renewable Natural Gas (RNG Coalition) is a California-based nonprofit organization representing and providing public policy advocacy and education for the Renewable Natural Gas (RNG or biogas-derived biomethane) industry in North America. The RNG Coalition respectfully submits these comments in response to opening comments from other parties on the *Order Instituting Rulemaking Regarding Building Decarbonization* (OIR 19-01-011).

In these reply comments we reemphasize that our goal is not to oppose other alternatives that may help to accomplish the changes in buildings needed to meet the State's ambitious climate goals, only to advocate for a balanced portfolio of solutions that is inclusive of additional opportunities for RNG. We believe that many parties credibly outlined the importance of both considering RNG as part of this proceeding and, more generally, in pursuing a technology-neutral approach that involves robust lifecycle greenhouse gas performance metrics to track success or failure toward building decarbonization goals.

## II. We Are Encouraged to see that Many Parties Agree that RNG has a Significant Role to Play in Decarbonizing Buildings

As we said in our opening comments, the RNG industry does not claim to be able to solve the daunting challenge of completely decarbonizing all existing natural gas infrastructure across

all end-use applications alone, but we know that RNG can be a significant contributor to this effort. We were encouraged to see this fact highlighted in the opening comments of many other parties.

For example, Environmental Defense Fund (EDF) stated that "building decarbonization from changes to the gas supply should also be explicitly included in the scope of this proceeding"[1] and the Public Advocates Office recommends that the Commission "examine the potential of renewable gas as part of building decarbonization strategy to meet the State's GHG emissions reduction goals."[2]

The gas utilities also recognize the need to consider RNG in this proceeding. Southwest Gas stated that "renewable natural gas (RNG), or biomethane, can play a valuable role in reducing GHG emissions and achieving carbon neutrality."[3] San Diego Gas and Electric (SDG&E) asked the Commission to "ensure it includes all available technology and fuel options, including renewable gas, to support building decarbonization."[4] Southern California Gas (SoCalGas) stated that, "utilizing RG supports energy reliability and resiliency while keeping consumer costs down, and moreover enables consumer choice—which cannot be undervalued."[5] Pacific Gas and Electric (PG&E) also recommends the Commission consider the role of RNG in building decarbonization, stating that, "California's long-term GHG reduction goals can be advanced by enabling the use of RNG and hydrogen to meet customers' needs."[6]

[1] EDF Comments, page 4

[2] Public Advocates Office Comments, page 2

[3] Southwest Gas Corporation Comments, page 5

[4] SDG&E Comments, page 6

[5] SoCalGas Comments, page 3

[6] PG&E Comments, page 8

## III. Legislative Direction and Strong Technical Analysis by Other State Agencies Identifies RNG as a Key Driver of Reaching our Decarbonization Goals

We believe this strong support for inclusion of RNG in the discussion of how to decarbonize buildings is in line with both legislative direction[7] and the key planning documents related to long-term decarbonization in California created by other state agencies. For example, the California Air Resources Board's (CARB) Short-lived Climate Pollutant (SLCP) Reduction Plan and 2017 Greenhouse Gas Scoping Plan both rely heavily on methane reductions and the use of RNG to reach near- and long-term climate goals.[8]

The Scoping Plan stated that, "reducing demand for natural gas, *and moving toward renewable natural gas*, will help California achieve its 2030 climate target."[9] The importance of RNG was also recognized by the California Energy Commission (CEC) in the Final 2017 Integrated Energy Policy Report, which recommended that "the CPUC should continue to evaluate methods to promote increased use of renewable gas."[10]

Further, all credible long-run studies of how to decarbonize California include a long-term role for RNG. We believe that determining the sector best suited to use the RNG in 2050, while an important long-run question, does not necessarily need to be answered today. As discussed in CARB's SLCP Reduction Plan, we must develop the RNG resource quickly to prioritize methane

[7] For examples of strong recent legislative direction see SB 1440 (Hueso, 2018), AB 3187 (Grayson, 2018) and SB 1383 (Lara, 2016). For a summary of the history of legislation promoting RNG use for the purpose of reducing short-lived climate pollutants please see pages 264-266 of the Final 2017 Integrated Energy Policy Report (2017 IEPR) available here: https://www.energy.ca.gov/2017_energypolicy/

[8] The SLCP Reduction Plan is here: https://www.arb.ca.gov/cc/shortlived/shortlived.htm
The 2017 Scoping Plan is here: https://www.arb.ca.gov/cc/scopingplan/scoping_plan_2017.pdf

[9] 2017 Scoping Plan page ES11, emphasis added.

[10] 2017 IEPR, page 286

destruction and prevent near-term warming by removing short-lived climate forcers from the atmosphere as soon as possible.

## IV. Concerns About Disbenefits of RNG Are Erroneous and can be Addressed Either by Relying on Prior State Work or Developing a Fact-based Record in this Proceeding

Parties opposed to wider use of RNG often claim that RNG causes problems it simply fails to correct. For example, RNG's performance with respect to both methane leakage after pipeline injection and conventional air pollutants when combusted in building appliances is comparable to that of fossil natural gas. The solution to those existing issues is not to let the "perfect be the enemy of the good" and ban RNG as a useful tool toward our GHG goals. Instead, methane leakage from the gas system should continue to be reduced and indoor air quality impacts from natural gas appliances studied and acted upon if appropriate.

Specific to methane leakage, as quantified by the State's GHG inventory, methane leakage from natural gas transmission and distribution (T&D) in 2016 was 4.06 million metric tonnes (MMT) of carbon dioxide equivalent ($CO_2e$), which is much smaller than the methane leakage occurring at potential sources of RNG such as the wastes entering landfills (8.47 MMT $CO_2e$ in 2016) and manure management (10.17 MMT $CO_2e$ in 2016).[11] We believe it is extremely unlikely that expanded RNG use would increase leakage from T&D, and we know that RNG is a proven way to directly reduce emissions from the sources associated with leaks in the state's waste streams. Therefore, we agree with the Natural Resources Defense Council (NRDC) and the Sierra Club that the Commission should "ensure that GHG calculations include the impacts of methane leakage from all sources, from the well to the appliance."[12]

[11] https://www.arb.ca.gov/cc/inventory/data/data.htm

[12] NRDC and Sierra Club Comments, page 18

When such "lifecycle" accounting has been applied in other programs, such as the Low Carbon Fuel Standard, it has demonstrated the benefits of RNG projects and shows, on balance, that as long as there is both natural gas demand in buildings and methane being vented into the atmosphere from waste streams, we should attempt to meet building demand using renewable, rather than conventional, natural gas.[13]

As another example where we need to avoid conflating causality, it is not the RNG project at a large dairy that creates perceived problems with water and air quality from high-density farms.[14] Rather, capturing methane for RNG improves one aspect of the environmental performance of the existing farm. Other methods to address methane from these operations may also have similar complexity and create potential trade-offs. The State has fashioned many other forums for these discussions.

For example, to facilitate stakeholder dialogue around measures to reduce dairy and livestock emissions, SB 1383 required CARB to work with a broad range of stakeholders on development of dairy methane emissions reduction projects. At the end of 2018 the subgroups of this effort presented final recommendations to principals from CARB, the California Department of Food and Agriculture, the CEC, and the CPUC.[15] We believe that all of the issues covered by that process do not need to be revisited in this proceeding, but we look forward to providing additional information to the Commission from that proceeding, should it prove helpful.

[13] We strongly believe RNG supply to buildings will be available at costs comparable to other abatement options encouraged by California's key climate programs. The 2017 Scoping Plan found that the cost-effectiveness of a strategy using RNG to meet a 5 percent renewable gas procurement requirement was on par with other necessary initiatives (such increasing the Renewable Portfolio Standard and the Low Carbon Fuel Standard obligations to 60 percent and 18–25 percent, respectively). See Table 9 on page 43 of the Scoping Plan. CEC reinforced that finding in the 2017 IEPR (page 267).

[14] California Environmental Justice Alliance's Reply Comments, page 5

[15] https://www.arb.ca.gov/cc/dairy/dairy.htm

## IV. Conclusion

A well-designed policy framework that promotes the use of RNG as one of many options to help decarbonize buildings will continue the success laid by similar flexible policy in other sectors and will be an essential component of hitting California's near-term goals for methane reductions.

Thank you very much for your consideration of these comments.

DATED: March 26, 2019

Respectfully signed and submitted,

/S/ *Sam Wade*

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